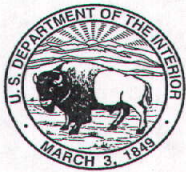


5102310109
cc: Wayne



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

FILLMORE FIELD OFFICE

95 East 500 North
Fillmore, Utah 84631



In Reply Refer to:
3809 (UTW02000)
UTU 88441

May 23, 2011

RECEIVED

MAY 25 2011

CERTIFIED MAIL # 7010 1670 0000 7622 1367
RETURN RECEIPT REQUESTED

DIV. OF OIL, GAS & MINING

Dale D. Rogers
218 South 400 West
PO Box 697
Delta, Utah 84624

Dear Mr. Rogers:

On April 12, 2011, the Fillmore Field Office (FFO), Bureau of Land Management (BLM) received a plan of operations under the Federal regulations at 43 CFR § 3809, Surface Management, subject to the mining laws as defined at 3809.5. The plan is for the Pleasant Mine at T. 13 S., R. 19 W., sec. 31 in Juab County, Utah. The plan of operations is serialized as UTU-88441. The mineral that would be extracted is calcite from a Paleozoic Limestone formation in Pleasant Valley.

The Multiple Surface Use Act of 1955 provides: "No deposit of common varieties of sand, stone, gravel, pumice, pumicite, or cinders and no deposit of petrified wood shall be deemed a valuable mineral deposit within the meaning of the mining laws of the United States so as to give effective validity to any mining claim hereafter located under such laws." The mining claim listed in the plan of operations is UMC 408912, which was located after July 23, 1955. Under the Act, common varieties of limestone (calcite) would not be locatable.

The information you received from the Utah State Office (USO) of the BLM, portions of Chapter 8 Locatable Leasable and Saleable Minerals from American Mining Law, may seem to contradict the Act. Specifically [i] Sodium and Calcium Minerals states: "Calcium minerals, including calcium chloride, are locatable under the Mining Law of 1872. 154,1" The footnote "154.1" is a reference to a case decided by the Interior Board of Land Appeals (IBLA). The case is Delta Chemical Co., 76 IBLA 111, GFS (MIN) 251 (1983); this case found calcium chloride to be locatable rather than leasable.

The American Mining Law material you received also indicates limestone (calcite) can either be locatable, as an uncommon variety; or salable, as a common variety. Therefore, a determination must be made as to the status of this limestone (calcite) as being either a common or uncommon mineral material. Carbonate rocks such as limestone (calcite) are readily available at relatively low cost and their physical and/or chemical characteristics have applications in most major industries. Not all of the applications would be considered appropriate for an uncommon variety mineral material (i.e., aggregate, dimension stone, or landscaping). Other application (i.e., whiteners, fillers, and coatings) and the value received for the material for these purposes may make the limestone (calcite) locatable.

Procedures for Plans of Operations Involving Possible Common Variety Minerals

The federal regulations at 3830.11 and 12 provide the framework for determining whether a mineral is locatable; locatable minerals must be subject to the general mining laws and certain varieties of mineral materials, such as limestone (calcite), are locatable if they are uncommon because they possess a unique property that gives the deposit a distinct and special value. Distinct and special value is based on the criteria in *McClarty v. Secretary of the Interior*, 408 F.2d 907 (9th Cir. 1969), which are addressed in the regulations at 3830.12(b)(1)-(5). Plans of operations for locatable minerals, i.e. uncommon varieties, are properly processed under the regulations at 3809. If the minerals are salable, i.e. common varieties, then the minerals are disposed through a sale contract with the BLM.

As required at 3809.101(a), you must not initiate operations under the mining laws for minerals that may be common varieties, until BLM prepares a mineral examination report. The mineral examination and the associated report are subject to cost recovery fees as required at 3800.5 and 3000.11. The regulations at 3809.101(b) allow for an interim authorization, where under the specified conditions, BLM may allow notice-level operations or approve a plan of operations. The approval of a plan of operations as an interim authorization requires the establishment of an escrow account with regular payments for the removal of possible common variety minerals. The cost recovery fees would include the cost for determining the appraised value of the possible common variety mineral(s).

If a mineral examination report is necessary to determine whether the mineral is a common variety and if the conclusion in that report is the mineral(s) is a common variety, you may relinquish the mining claim(s) or BLM will initiate contest proceedings against the disputed mining claim(s). Upon relinquishment or a final departmental determination that the mining claim(s) is null and void, you would be required to promptly close and reclaim any operations under an interim authorization, unless you are authorized to proceed under 3600 and 3610. Monies in an escrow account would be disbursed to the U.S. Treasury. If the conclusion in the mineral examination or if the final departmental determination is the mineral(s) is an uncommon variety, you would be allowed to conduct operations under the mining laws and monies in an escrow account would be disbursed to the payer.

Reasonably Incident Standard

Operations under the mining laws must be "reasonably incident" to prospecting, mining, or processing as required in the regulations at 3809.415(b) and 3715.0-5 in order to prevent unnecessary and undue degradation of public lands. As required at 3809.401(a), operations must demonstrate that the operations would not result in unnecessary or undue degradation. At this time, BLM does not have adequate geologic and mineral data (baseline data), as required at 3809.411(a)(3)(i), to determine whether the operations are reasonably incident.

Under the reasonably incident standard, a person of ordinary prudence must prospect, explore, define, develop, mine or beneficiate a valuable mineral deposit using methods, structures, and equipment appropriate to the geological terrain, mineral deposit, and stage of development and reasonably related activities. BLM has the following concerns:

1. grade and/or characteristics of the limestone (calcite),
2. continuity of grade of the calcite at depth and between exposures in outcrop and in the subsurface, and
3. specifications required for this calcite deposit for specific markets, which could include brightness, reflectance, classification (grain size), and other parameters.

At this time, BLM is requesting information on this deposit with respect to the characteristics of this limestone (calcite) deposit as well as information about the proposed uses of the material. This data would include:

1. the locations of any samples taken of the limestone (calcite),
2. test results and analysis that demonstrate the characteristics of this limestone (calcite) deposit, and
3. the specifications required for the limestone (calcite) to meet the proposed use(s) and market(s).

If you believe such information, as requested, is confidential, please follow the directions of 3809.111.

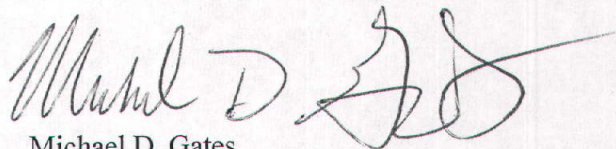
Upon review of the existing geologic and mineral data, BLM will consider the next step in development of this mineral deposit in coordination with you. Your evaluation of the deposit and its characteristics are important to this process.

A phased, confirmative exploration of the deposit may be more appropriate at this time, such as proposing further sampling or bulk sampling as notice-level operations that would allow a determination of the extent, grade, and appropriate characteristics of the deposit.

In summary, before BLM will continue to process the plan of operations as filed, the above-requested information needs to be submitted to this office. At this time, BLM does not have sufficient data to indicate that the limestone (calcite) deposit to be mined as part of the Pleasant Mine is a locatable mineral as required at 3809.101(a). Also at this time, BLM is not requiring a mineral examination report. Providing the existing data will assist BLM in determining whether a mineral examination is necessary and/or in determining the next appropriate step in exploration and development, as reasonably incident operations.

If you have any questions, please contact Jerry Mansfield, FFO Geologist, at (435) 743-3125.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael D. Gates", with a long horizontal flourish extending to the right.

Michael D. Gates
Field Manager

cc: Vic Dunn, USO, 923
Wayne Western, UDOGM